CASH COLLATERAL MOTION

UNITED STATES BANKRUPTCY COURT
NORTHEN DISTRICT OF CLAIFORNIA

In re : Eastside Development Company, LLC _______________________________, Debtor.	Chapter 11 Case Nos. 10-42835 Jointly Administered **EMERGENCY MOTION FOR USE OF CASH COLLATERAL**

Eastside Development Company LLC , debtor and debtor-in-possession in the above-captioned Chapter 11 cases (the "Debtor"), by and through its undersigned counsel, respectfully submit this Emergency Motion seeking Court approval and authorization for the immediate interim use of cash collateral pending a final hearing in accordance with 11 U.S.C. §363, and Rules 4001(a) and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"). Debtors request that immediate interim authorization for use of cash collateral be given under Bankruptcy Rule 4001(b)(2) to allow Debtors to use cash on hand and proceeds from accounts receivable and inventory for ordinary and necessary operating expenses of Debtors' businesses as more fully set forth in the consolidated preliminary operating budget (unaudited) attached hereto as Exhibit "A" (the "Budget").

In support of this Emergency Motion, the Debtors submit the "Affidavit in Support of This Motion " dated 04/20, 2010 (the "Affidavit"), which was filed contemporaneously with this Emergency Motion.

FACTUAL AND PROCEDURAL BACKGROUND

1. On March 16, 2010, Debtor commenced this case by filing voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code.

2. Debtor are operating their businesses and managing their assets as debtor in possession in accordance with 11 U.S.C. §§1107 and 1108.

3. No examiner or trustee has been appointed in these cases, and no official committee representing any of the unsecured creditors has yet been appointed.

4. This Court has jurisdiction over these cases under 28 U.S.C. §1334. The subject matter of this motion is a "core proceeding" under 28 U.S.C. §157(b)(2)(A) and (M). Venue is proper under 28 U.S.C. §1408.

5. Notice of this Motion has been given to all secured creditors of record and the United States Trustee. Notice of the final hearing of this motion will promptly be given to the Debtors' respective twenty (20) largest unsecured creditors, as well as the secured entities listed below.

East West Bank
9300 Flair Drive
El Monte, CA 91731
bankruptcynotice@eastwestbank.com

6. Debtor is engaged in the business of owning, managing and leasing single and multiple residence properties.

7. Upon information and belief, the following entities claim an interest in the Debtors' cash, accounts, inventory, and contract rights: (a) **East West Bank** : asserts an interest in all accounts, chattel paper, contract rights, general intangibles, deposit accounts wherever located; together with all books and records; and all proceeds relating thereto of Debtor. (b) **East West Bank** : asserts an interest in all personal property existing, created, or acquired; all proceeds including insurance proceeds; and all guarantees and other security therefore of Debtor. (These entities collectively are referred to as the "Lenders.")

8. Debtor has not had sufficient time to determine the validity, priority, enforceability, and/or extent of the claims liens as set forth in paragraph 7, above. In addition, because of the expedited filing of those Chapter 11 cases, no *ad hoc* or formal creditors' committee has yet to be formed. Accordingly, Debtors do not (and, until a formal creditor's committee is formed, will not) take a position regarding those issues as part of this Emergency Motion, and reserve all rights with respect thereto. For purposes of the Emergency Motion only, Debtor assume that all claimed liens are valid and enforceable but express no position as to the priority of such liens.

9. The attached Budget sets forth Debtors' estimates of the expenses Debtor will be required to pay over a period of approximately thirty (15) days of operation and thereafter. It is crucial for Debtor to have the use of cash collateral to replenish inventory, pay operational obligations, and pay other ordinary and necessary operating expenses in order to (a) avoid disruption of its operation; (b) maintain customer relations and loyalty; (c) maintain its market presence; and (d) preserve the going concern value of Debtor and its estates while the Debtor formulate and implement a plan of reorganization.

10. As and for adequate protection for the limited use of cash collateral as set forth in the Budget, Debtor offer a post-petition replacement lien to the foregoing Lenders on inventory, accounts, and contract rights in accordance with 11 U.S.C. §§361(2) and 552(b): (a) to the extent of cash collateral actually expended; (b) on the same assets and in the same order of priority as currently exists between and among the Lenders; and (c) with Debtors' full reservation of rights with respect to the issues set forth in paragraph 7 above.

11. The need for Debtors' Chapter 11 filings arose suddenly. As a result, Debtor have not had the opportunity to attempt to negotiate stipulated cash collateral operating orders with the

Lenders. Debtors' desire is to open negotiations with all the Lenders to attempt to reach stipulated cash collateral agreements.

12. Debtor believe that their business operations and reorganization efforts will suffer immediate and irreparable harm if they are not allowed to use cash collateral during the Interim Period pending a hearing on this Emergency Motion, which the Debtor request be held within five (5) to seven (7) days.

LEGAL ARGUMENT

13. Debtor is seeking authorization for the use of cash collateral under 11 U.S.C. §363(c)(2)(B); and Bankruptcy Rules 4001(a) and 9014. Such a proceeding constitutes a core proceeding under 28 U.S.C. §157(b)(2)(M).

14. Debtor is seeking an order authorizing the immediate interim use of cash collateral pursuant to Bankruptcy Rule 4001(b)(2) pending a hearing on this Emergency Motion. Debtors meet the five-part test for immediate use of cash collateral as set forth in the Committee Note following Bankruptcy Rule 4001: (a) the Emergency Motion sets forth the amount of cash collateral sought to be used; (b) it sets forth the names and addresses of the entities Debtor believe have or claim an interest in and to the cash collateral; (c) it identifies the entities that are in control of the cash collateral (*i.e.,* the Debtor); (d) it sets forth the facts demonstrating the immediate need for the use of cash collateral; and (e) it sets forth the adequate protection being offered to the Lenders.

CONCLUSION

WHEREFORE, Debtor respectfully requests the following:

1. Entry of an order authorizing use of cash collateral in accordance with the Budget for the Interim Period, subject to continuance upon request of the Debtors at or before the hearing on this matter;

2. Entry of an order setting a hearing on the Debtors' Emergency Motion to be held no later than five (5) days from the date of this Emergency Motion to consider and act upon the Emergency Motion.

3. Granting such other and further relief as is just under the circumstances of these cases.

RESPECTFULLY SUBMITTED this 26th day of April, 2010

By /s/ Dennis Yan
Attorney for Debtors

AFFIDAVIT IN SUPPORT OF EMERGENCY CASH COLLATERAL MOTION

UNITED STATES BANKRUPTCY COURT
NORTHEN DISTRICT OF CLAIFORNIA

In re : Eastside Development Company, LLC ______________________________, Debtor.	Chapter 11 Case Nos. 10-42835

Eastside Development Company LLC , debtor and debtor-in-possession in the above-captioned Chapter 11 cases (the "Debtors"), In support of this Emergency Motion, the Debtor submit the "Affidavit in Support of Motion " dated 04/20, 2010 (the "Affidavit"), which was filed contemporaneously with this Emergency Motion.

The Debtor declares under penalty of perjury that the foregoing is true and correct.

1. On March 16, 2010, Debtor commenced this case by filing voluntary petitions for reorganization under Chapter 11 of the Bankruptcy Code.

2. Debtor is operating its businesses and managing its assets as debtor in possession in accordance with 11 U.S.C. §§1107 and 1108.

3. Notice of this Motion has been given to all secured creditors of record and the United States Trustee (via Fax). Notice of the final hearing of this motion will promptly be given to the Debtors' respective twenty (20) largest unsecured creditors, as well as the secured entities listed below.

East West Bank
9300 Flair Drive
El Monte, CA 91731
bankruptcynotice@eastwestbank.com

4. Debtor is engaged in the business of owning, managing and leasing single and multiple residence properties and is in urgent need to pay the utilities and other related expenses. The

details of all expenses are outlined in the attached exhibit A and must be paid immediately to avoid service interruption to the resident on site.

5. A substantial amount of work is already been completed and passed by the city inspector. The remaining items as noted by the Building inspector are the only items left to pass a final with the city inspectors. We have submitted a request for temporary halt to the inspection activates pending this motion.

RESPECTFULLY SUBMITTED this 26th day of April , 2010

By /s/ Waqar Khan

Representing Debtor and Debtor in Possession.

Exhibit A “BDUGET”: Case # 10-42835 EDJ 11

Estimated Budget for “Eastside Development Company LLC” DIP for April, 2010

Total expected Rent collection by 04/30/2010 - **$ 13,200****

Expenses

Emergency Reserves - **$ 1,500** – Reserve for operational emergency (leaks, plumbing, repairs)

Utilities - **$ 2000**- (Over due for two months)

Inspection related repairs – Final work per inspector report- estimated **$ 4,500** **(non recurring)***

General Maintenance and repairs – (grass cut, clean up, maintenance and upkeep). **$ 1000**

Onsite and offsite management - **$ 1,300** (onsite and offsite management 10%)

Total estimated operational Budget for the month of April, 2010. **$ 10,300**

/s/ Waqar Khan

*This is a onetime non- recurring expense and upon finalizing the property inspection this expense will not be a necessary ongoing expense.

**The income is generated by Ten unit complex commonly known as 29529 Dixon street, Hayward, ca 94544. East west bank is the only secured lender.

15-DAY SHUT OFF NOTICE

Acct# 03-58400.01

CITY OF HAYWARD
HEART OF THE BAY

April 2, 2010

WAQAR KHAN
11501 DUBLIN BLVD #200
DUBLIN, CA 94568

PAST DUE WATER	$	383.20
EXCISE TAX		
TOTAL DUE	$	383.20
AMOUNT PAID	$	________

Svc Addr: 29517-29 DIXON ST
Hayward, 94544-5103

DUE DATE 04/19/2010

Your water service is scheduled for shut off on 04/19/2010 unless the past due bill is paid. **Payment must be received in FULL, before 12:00 noon on the due date listed above.** Payments may be paid at the Revenue Division located in City Hall, 777 B Street, Hayward or placed in our night drop on the side of the building facing Watkins St.

Do not mail your payment. Amount that must be paid to avoid the shut off of service is **$ 383.20**. Also, **$ 0.00** is past due for the Excise Tax.

The total amount due is $ 383.20.

Payment Arrangements will not be granted at this time.

Please disregard this notice if payment has been made. Thank you for your payment.

If the water is turned off, you will be subject to additional service charges. These charges may be but are not limited to:

Collection call to service address	$5.00
Locking of water service	$70.00
Restoration of water service before 3:30PM	$35.00
Restoration of water service after 3:30PM	$60.00

For our residential customers who are in need of special assistance as listed below, please contact our Collections Office at (510) 583-4624.

* If you need water for medical reasons (requires doctor's certification)
* If you are 65 years or older, or you are a dependent adult as defined in section 15610 of the Welfare and Institutions Code and would like to request a third-party notification service, where we will attempt to notify a person designated by you to receive notification when your account is past due and subject to termination.

Attention! This is your shut-off notice. If the amount due is not paid by due date your service will be turned off.

Payments are to be made at the cashier window, in the Revenue Division, located at City Hall, 777 B Street, Hayward.

PLEASE BRING THIS NOTICE WITH YOU.

777 B Street, Hayward, CA 94541-5007 (510) 583-4000

15-DAY SHUT OFF NOTICE

Acct# 03-58390.01

CITY OF HAYWARD

April 2, 2010

WAQAR A KHAN
11501 DUBLIN BLVD #200
DUBLIN, CA 94568

PAST DUE WATER	$ 1173.09
EXCISE TAX	
TOTAL DUE	$ 1173.09
AMOUNT PAID	$__________

Svc Addr: 29519 DIXON ST
Hayward, 94544-6199

DUE DATE 04/19/2010

Your water service is scheduled for shut off on 04/19/2010 unless the past due bill is paid. **Payment must be received in FULL, before 12:00 noon on the due date listed above.** Payments may be paid at the Revenue Division located in City Hall, 777 B Street, Hayward or placed in our night drop on the side of the building facing Watkins St.

Do not mail your payment. Amount that must be paid to avoid the shut off of service is **$ 1173.09**. Also, **$ 0.00** is past due for the Excise Tax.

The total amount due is $ 1173.09.

Payment Arrangements will not be granted at this time.

Please disregard this notice if payment has been made. Thank you for your payment.

If the water is turned off, you will be subject to additional service charges. These charges may be but are not limited to:

Collection call to service address	$5.00
Locking of water service	$70.00
Restoration of water service before 3:30PM	$35.00
Restoration of water service after 3:30PM	$60.00

For our residential customers who are in need of special assistance as listed below, please contact our Collections Office at (510) 583-4624.

* If you need water for medical reasons (requires doctor's certification)

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Attention! This is your shut-off notice. If the amount due is not paid by due date your service will be turned off.

Payments are to be made at the cashier window, in the Revenue Division, located at City Hall, 777 B Street, Hayward.

PLEASE BRING THIS NOTICE WITH YOU.

CITY OF
HAYWARD
HEART OF THE BAY

March 4, 2010

Eastside Development Co.
22441 Foothill Blvd.
Hayward, CA 94541

Re: Code Compliance Re-inspection

Property Location: **29529 Dixon St.**

Dear Eastside Development Co.:

This letter will confirm that a code compliance re-inspection of your property is scheduled for **4/6/10 at 9am**, as a result of an inspection that was conducted at the above mentioned property on **7/17/08.**

Your timely cooperation in making the repairs as outlined in our report is appreciated and will prevent further damage or unnecessary inspection fees being assessed for non-compliance.

If you have any further questions, please feel free to give me a call Monday through Friday at (510) 583-8541, between the hours of 7:30am–4:00pm.

Thank you for your anticipated cooperation in this matter.

Cordially,

Cynthia Jordan

Cynthia Jordan
Housing Inspector

Rev. 12/03/09

Development Services Department
777 B Street, Hayward, CA 94541-5007
Tel: 510/583-4140 Fax: 510/583-3642

CITY OF HAYWARD
777 B STREET HAYWARD, CA 94541
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DEVELOPMENT INSPECTION SERVICES

VIOLATION LIST

NOTE: If PERMITS are required they may be obtained at the PERMIT CENTER located at City Hall on the first floor. PERMIT CENTER hours are Monday to Thursday 8:00 AM – 4:30 PM and Friday 8:00 AM – 11:30 AM

NOTE: Electrical, Plumbing & Mechanical Permits will be issued to Licensed Contractors ONLY.

NOTE: A copy of this Violation List must be submitted to the Permit Center when you apply for your permit(s). Also a copy of this Violation List must be made available to the Building Inspector at the time of the inspection(s) related to the permit(s).

NOTE: All work pertaining to the PERMIT(S) must be inspected by a Building Inspector. To schedule an inspection on permitted work, call (recorded message) 583-4148 & follow instructions.

NOTE: Use of accessory / window sill locks in place of the manufacturer's original window lock is **NOT PERMITTED.** If the original locking mechanism or suitable after-market lock is not available, the entire window must be replaced. If new windows are installed, a **BUILDING PERMIT** is required.

PROPERTY ADDRESS: 29529 Dixon St. INSPECTION DATE: 8/22/08

PC 9 **INSPECTOR NAME:** Cynthia Jordan **510-583-8541** RI-2008-0223

29521 Dixon St.

Unit 3

☐ **Hall** - Water heater was installed without **Plumbing Permit** ***(Obtain a permit and also schedule a final inspection on the unit prior to next inspection) (P)***

29529 Dixon St.

☐ **Rear-Bedroom off kitchen** – The bedroom floor has areas that are extremely soft other areas that are at different heights. Owner has admitted to doing some sub-floor repairs but without a permit. Obtain permit and have a building inspector inspect sub-floor and repair/replace as needed.

☐ **Rear-Bedroom off kitchen** – Remove 2x4 from doorway and install a proper threshold

☐ **Rear-Bedroom off kitchen** – Rear door off bedroom is damaged ☒ Repair and paint or ☒ Replace.

According to our records no building, plumbing, or electrical permits have been obtained for the bathroom in the rear, because of this the bathroom is considered illegal. In order to legalize you must present plans or drawings to our planning department to legalize. If it cannot be legalized you must obtain a demo permit and remove. If you have any paperwork or signed off permits relating to the bathroom please submit or fax them to me @ (510) 583-3642.
Please obtain all necessary permits prior to the next inspection date.

WASTE MANAGEMENT

WASTE MANAGEMENT OF ALAMEDA COUNTY
172 98TH AVENUE
OAKLAND CA 94603

(510) 537-5500
(510) 562-2857 FAX
calhayward@wm.com

INVOICE

KAHN WAQAR

Customer Account Number:	064-4319848-2216-0
Invoice Date:	04/01/2010
Invoice Number:	2483822-2216-9
Due Date:	Due Upon Receipt
WM ezPay Account ID:	00000-13966-48907

Current Invoice Amount	Total Amount Due
603.78	11,028.93

Failure to pay this balance could necessitate further collection action. Please process your payment in full today.

Account Summary

Description	Amount
Previous Balance	10,425.15
Total Credits and Adjustments	0.00
Total Payments Received	0.00
Total Current Charges	603.78
Total Amount Due	**11,028.93**
Total Amount Past Due	10,425.15

Service Period: MARCH SERVICE

Description	Amount
Commercial	603.78
Total Current Charges	**603.78**

WASTE MANAGEMENT OBSERVES THE FOLLOWING HOLIDAYS: New Year's Day, Thanksgiving and Christmas. If your collection day falls on the holiday or after, your service will be one day late.

Want to pay this bill on-line? Go to www.wm.com to learn more about WMezPay and make a convenient, secure payment.

Current Due	Over 30	Over 60	Over 90	Over 120	Total Due
603.78	753.69	439.55	627.78	8,604.13	11,028.93

Payment Coupon

Please detach and enclose this portion with your payment - do not send cash.

WM WASTE MANAGEMENT

WASTE MANAGEMENT OF ALAMEDA COUNTY
172 98TH AVENUE
OAKLAND CA 94603

(510) 537-5500
(510) 562-2857 FAX
calhayward@wm.com

Learn how we Think Green at www.wm.com/thinkgreen

Your Account Number
064-4319848-2216-0

Invoice Date	Your Invoice Number
04/01/2010	2483822-2216-9

Due Date	Total Due	Amount Paid
Upon Receipt	11,028.93	

Waste Management introduces WM ezPay!! Pay your WM bill on-line at www.wm.com.

To pay your invoice by phone, call 866-WMI-2PAY or 866-964-2729.

221606443198480248382200000060378000011028933

0021036 01 AV 0.335 **AUTO T8 0 4091 94541-402441 CP1 I2216C34

KAHN WAQAR
22441 FOOTHILL BL
HAYWARD CA 94541-4024

WASTE MANAGEMENT OF ALAMEDA COUNTY
PO BOX 78251
PHOENIX AZ 85062-8251

From everyday collection to environmental protection, Think Green. Think Waste Management.

Printed on recycled paper.

FOR CHANGE OF ADDRESS OR ANY SERVICE ISSUES CONTACT NUMBER ON PAGE 1

KAHN WAQAR

WASTE MANAGEMENT®

WASTE MANAGEMENT OF ALAMEDA COUNTY
172 98TH AVENUE
OAKLAND CA 94603

Custon	
Account Number:	064-4319848-2216-0
Invoice Date:	04/01/2010
Invoice Number:	2483822-2216-9
Due Date:	Due Upon Receipt
WM ezPay Account ID:	00000-13966-48907

Service Location: 064-4319848 Kahn Waqar 29529 Dixon St 5109120136 Cell Ph: Hayward CA 94544-6108

Date	Ticket	Description	Quantity	U/M	Rate	Amount
02/23/10	405752	Snapshot excess yards fel snapshot charge				82.50
03/02/10	409502	Snapshot excess yards fel snapshot charge				27.50
		Gate fee fel	1.00			0.00
		Monthly fel rcy per unit	10.00			50.20
		Rollout fee fel	5.00			0.00
		1 - 3 Yard fel 1x wk	1.00			269.07
		Late payment fee				174.51
		Total Current Charges				603.78

Focus every collection to environmental protection.
Think Green.® Think Waste Management.

Printed on recycled paper.